



FOR IMMEDIATE RELEASE

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FACT SHEET

MAYOR SANDERS' PLAN FOR SELLING EXCESS CITY PROPERTY GETS BOOST FROM LOW BROKERAGE FEES

CITY BUSINESS WENT TO LOWEST BIDDER FOLLOWING RIGOROUS SEARCH FOR MOST QUALIFIED BROKERS

Based upon their status as the lowest bidder, Mayor Sanders today announced that two firms have been selected to help sell the first round of excess City property. The use of brokers, as opposed to sale by auction, was recently recognized by the San Diego County Grand Jury as a way for the City to gain “greater latitude in disposing of surplus assets at the best price.” The firms, Burnham and Grubb & Ellis, will help sell 9 commercial properties with an appraised value of \$32.44 million. The funds raised will be used to fund capital improvements throughout the City.

The City’s selection process provided each finalist with a Pass/Fail ranking on the required technical portion of their proposals. The Request for Proposal (RFP) then made clear that the **lowest brokerage commission would be the deciding factor** for all finalists receiving a “pass” technical ranking. Burnham and Grubb & Ellis bid the lowest commissions as follows:

	Colliers	Grubb & Ellis	Burnham	CBRE
Office Buildings (2 properties)	1% - 3% 1.23% Blended	.98%	1% - 3.5% 1.28% Blended	1.74%
Vacant Land (5 properties)	3%	3.47%	1.9% (2.4%)*	2.9%
Ground Leases (2properties)	N/A	.98%	2.0%	1.99%

The appraised value has been established as the minimum selling price by the City. The use of experienced and knowledgeable brokers will allow the City to professionally market the properties and maximize the selling price.

The City's selection process began with 11 respondents to a Request for Qualifications (RFQ). City staff narrowed that group to 5 finalists, each of whom were asked to participate in the RFP by submitting their best commission rate proposal for the grouped properties. Four of the finalists provided proposals meeting the City's range of needs. The properties were grouped to help reduce commission costs.

The City is currently in the process of selecting brokerage firms to assist the City this year with the sale of residential properties with a total value of approximately \$5 million. The selection of the two brokerage firms is another step in the Mayor's five-year plan to raise \$100 million through the sale of underperforming surplus properties owned by the City.

PROPERTIES TO BE SOLD NO LONGER MEET CITY'S NEEDS

Each of the properties selected for the first round of sales was evaluated for its potential value to the City's real estate portfolio. Staff from the City's Real Estate Assets Department analyzed the current cost of maintaining the property, its potential for immediate use by the City and the long-term needs of the City that might support retaining the property. Each of the 9 properties being considered for sale in the first round was deemed in excess of City needs.

By selling the property now the City will be taking advantage of historically high prices for commercial real estate, will reduce its maintenance costs and will return the properties to active tax rolls providing a future financial benefit to the City. Proceeds from the sale of these properties will be used by the City for critical Capital Improvement Projects.

PROPERTIES TO BE SOLD:

Properties	Appraised Value	Totals
Group 1 (Office Buildings)		
World Trade Center Office Building	\$17,700,000	
Crabtree Office Building	\$2,250,000	
		Group 1 Total Value \$19,950,000
Group 3 (Ground Leases)		
Terminix Lease Site	\$3,100,000	
Fillippi Lease Site	\$2,000,000	
		Group 3 Total Value \$5,100,000

PROPERTIES TO BE SOLD BY BURNHAM

Group 2 (Vacant Land)		
Mission Valley Property	\$460,000	
UTC Eastgate Site	\$1,960,000	
Morena Commercial East	\$1,050,000	
Border Patrol Site	\$3,200,000	
SEC Jamacha & Cardiff	\$725,000	
		Group 2 Total Value \$7,395,000

